Blue Coat Church of England Academy

Debt Recovery Policy

2026-27

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Ratified by the Governing Body on:		1st October 2026
	Signature	
Principal		D Smith
Chair of Governors		A Clayton
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Psalm 62:10: *if riches increase, do not set your heart on them.*

Blue Coat Church of England Academy is an inclusive Christian learning environment, our school values underpin all of our policies: Wisdom, Endurance, Service, Kindness and Hope.

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Introduction

In accordance with the funding agreement from the DfE Blue Coat Church of England Academy will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

Blue Coat Church of England Academy's Debt Recovery Policy will observe the relevant financial regulations and guidance set out in the latest Academy Trust Handbook and any other legal requirements. In particular:

Authority to write off a debt is given as follows:

Authority to	*Write off value*
School Business Manager	£250
Principal	up to £500
Governing Body	over £500

Beyond the limits described below the Academy must seek and obtain explicit and prior approval of the Secretary of State (through the DfE):

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous 2 financial years
- cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous 2 financial years

These limits are subject to the latest Academy Trust Handbook and the Trust's Scheme of Delegation.

A formal record of any debts written off will be maintained and this will be retained for 7 years.

The Academy will consider legal recovery action where it is proportionate and represents value for money, subject to approval in accordance with the Scheme of Delegation.

Procedures

School staff are expected to adhere to the following procedures to secure the collection of all debts.

(a) Recording of goods or services supplied where payment is not received in advance or 'at the point of sale':

A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent/carer, hirer, etc. Where invoices are raised these should state the date by which payment is due. In all other cases correspondence with parents/carers, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by …, payment for items purchased should be sent to the school office by…, etc. The Directors should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the Directors may stipulate the maximum settlement period for school lettings in a separate 'premises lettings policy'.

(b) Reminders

Initial reminders: Initial reminders will be made and may be informal and made by the School Business Manager or Finance Officer by telephone and recorded

First reminder letter: A formal reminder letter will be issued within 2 weeks from any informal reminder

Second reminder letter: A second reminder letter will be issued within 2 weeks after the First reminder letter

Failure to respond to reminders/settle a debt (Third Letter): If no response is received from the reminders issued, a letter will be sent, by recorded delivery, to the debtor advising them that the matter will be referred to the Academy's legal advisers if no payment is received within seven days.

The debtor will be advised that they will be required to pay in advance for all future services and supplies or the services and supplies will no longer be available to them. This decision and its basis will be recorded.

Referral to legal advisers – Where no payment has been received within 7 days of the third letter the matter shall be reviewed by the School Business Manager with subsequent referral to legal advisers where it is considered to be the most appropriate course of action. The debtor will be informed of this in writing. Where the debt relates to lettings, the School Business Manager shall notify the Site Manager to ensure that all future lettings relating to that customer are cancelled until payment is received in full.

(c) Negotiation of repayment terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Principal unless the debt is £500 or more whereby negotiation will be at the discretion of the Governing Body. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable. If a payment is missed the whole of the balance will be due immediately together with the cost of recovery.

Any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

(d) Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Principal will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded. The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

(e) Reporting of outstanding debt levels

The School Business Manager will ensure that the level of outstanding debt is known or can be determined at any time.

Appendix A1

First Debtors Letter

[Date]

Debtor Name
Debtor Address

Dear [Name]

Debtors Account Number [Insert number]

This is a reminder that there is an overdue balance of £ [insert balance] on your account. This comprises: [Insert invoice numbers and amounts]

You have exceeded our normal credit terms of 30 days and payment within the next 14 days is requested.

If you wish to speak to the finance office about the overdue balance please contact us on 01922 720558 ext 205 or 253. Alternatively, you may email finance@bluecoatacademy.org.

Yours sincerely

[Name]
School Business Manager

Appendix A2

Second Debtors Letter

[Date]

Debtor Name
Debtor Address

Dear [Name]

Debtors Account Number [Insert number]

Despite previous correspondence there remains an overdue balance on your account of £ [insert balance]. This comprises: [Insert invoice numbers and amounts]

If we do not receive payment within the next 14 days we shall have no alternative but to take the necessary steps to recover the amount owing to us.

If you wish to speak to the finance office about the overdue balance please contact us on 01922 720558 ext 205 or 253. Alternatively, you may email finance@bluecoatacademy.org.

Yours sincerely

[Name]
School Business Manager

Appendix A3

Third and Final Debtors Letter

[Date]

Debtor Name
Debtor Address

Dear [Name]

Debtors Account Number [Insert number]

We have contacted you on a number of occasions regarding the following outstanding invoices:- [Insert invoice numbers and amounts]

Blue Coat Church of England Academy will take all steps necessary to recover amounts owing to the organisation. Unless we receive payment within 7 days we shall be forced to instruct solicitors to recover the debt.

If you wish to speak to the finance office about the overdue balance please contact the School Business Manager immediately on 01922 720558 ext 253.

Yours sincerely

[Name]
Principal